

**TIRNO-95-D-00066
Incurred Cost Audit
for Fiscal Years Ended
June 30, 1998 and 1999**

November 2001

Reference Number: 2002-1C-019

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



INSPECTOR GENERAL
for TAX
ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

November 13, 2001

MEMORANDUM FOR DAVID A. GRANT
DIRECTOR OF PROCURMENT
INTERNAL REVENUE SERVICE

A handwritten signature in cursive script, reading "Pamela J. Gardiner".

FROM: Pamela J. Gardiner
Deputy Inspector General for Audit

SUBJECT: TIRNO-95-D-00066: Incurred Cost Audit for Fiscal Years Ended
June 30, 1998 and 1999 (Audit #200210002.008)

The Defense Contract Audit Agency (DCAA) examined the contractor's December 29, 1999 and November 28, 2000 certified final indirect cost rate proposals and related books and records for reimbursement of Fiscal Year 1998 and 1999 incurred costs. The purpose of the examination was to determine allowability of direct costs and indirect cost rates and establish audit determined indirect cost rates for July 1, 1997 through June 30, 1998 and July 1, 1998 through June 30, 1999.

According to the DCAA, the claimed indirect costs are provisionally approved pending final acceptance, and the contractor's proposed indirect rates are acceptable as adjusted by DCAA's examination. However, due to the contractor's inability to provide cumulative allowable cost worksheets in a timely manner, the Indirect Cost Rate Agreement was not included in the report.

Additionally, the DCAA qualified its opinion because outstanding assist audit reports of subcontract costs have not been received. The DCAA is unable to reach a definitive conclusion about the acceptability of the proposed subcontract costs by other available audit procedures.

The information in this report should not be used for purposes other than that intended without prior consultation with the Treasury Inspector General for Tax Administration regarding its applicability.

If you have any questions, please contact me at (202) 622-6510 or Daniel R. Devlin, Assistant Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs), at (202) 622-8500.

Attachment

NOTICE:

The Office of Inspector General for Tax Administration has no objection to the release of this report, at the discretion of the contracting officer, to duly authorized representatives of the contractor.

The contractor information contained in this report is proprietary information. The restrictions of 18 USC 1905 must be followed in releasing any information to the public.

This report may not be released without the approval of this office, except to an agency requesting the report for use in negotiating or administering a contract with the contractor.

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